
**First Maritime Mining
Corporation Limited**

(No Personal Liability)

Annual Report

For the year ended December 31,

1976



ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders
will be held on Monday, June 27th, 1977
at 1:30 o'clock in the afternoon
(Saint John time)
in the Golden Ball Building,
Saint John, New Brunswick.

First Maritime Mining Corporation Limited

(No Personal Liability)

Incorporated under the laws of New Brunswick on December 30, 1955

DIRECTORS

R. J. ISAACS..... Islington, Ontario
A. G. KIRKLAND..... Saint John, New Brunswick
D. A. MACFARLANE..... Saint John, New Brunswick
DR. A. L. McALLISTER..... Fredericton, New Brunswick
L. McC. RITCHIE..... Saint John, New Brunswick

OFFICERS

L. McC. RITCHIE..... *President*
A. G. KIRKLAND..... *Vice-President*
D. A. MACFARLANE..... *Secretary and Treasurer*
MRS. M. JONES..... *Asst. Secretary*

HEAD OFFICE

GOLDEN BALL BUILDING..... Saint John, New Brunswick

MINE OFFICE

GULLBRIDGE MINES..... Badger, Newfoundland

AUDITORS

COOPERS & LYBRAND..... Saint John, New Brunswick

TRANSFER
AGENT

GUARANTY TRUST COMPANY OF CANADA..... Toronto, Ontario

First Maritime Mining Corporation Limited

(No Personal Liability)

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors submit herewith the annual report of the Corporation for the year ended December 31, 1976 which includes the consolidated financial statements for that year and the auditor's report thereon.

Your Corporation's main asset is its holding of 1,766,353 shares of Brunswick Mining and Smelting Corporation Limited (Brunswick) which has remained unchanged during the year. Brunswick reported 1976 earning of \$7.5 million (22.0c per share) compared with 1975 earnings of \$12.5 million (36.7c per share). The reduction of earnings in 1976 is attributed to a three month strike at its mine, a 4% reduction in net smelter returns on zinc concentrate and a 15% increase in operating costs. Dividends totalling 10c per share were received during the year.

With respect to the Gullbridge property, a further \$15,127 was spent in 1976 completing the exploration program. At present, there are no further plans to continue exploration. The buildings and equipment at the former minesite were maintained intact and under continuous supervision.

On Behalf of the Board
L. McC. RITCHIE,
President.

Saint John, N.B.

May 13, 1977

COOPERS & LYBRAND

CHARTERED ACCOUNTANTS
801 BRUNSWICK HOUSE
SAINT JOHN, N. B., CANADA

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of First Maritime Mining Corporation Limited (No personal liability) and subsidiary companies as at December 31, 1976 and the consolidated statements of earnings and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Subject to the fact that, as stated in note 2, fixed assets of Gullbridge Mines Limited are carried at amounts which may be in excess of realizable values, in our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1976 and the results of their operations and the changes in their financial positions for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND

Chartered Accountants

January 27, 1977

First Maritime Mining Corporation

(No Person)

CONSOLIDATED BALANCE SHEET

ASSETS

	1976 \$	1975 \$
Current Assets		
Cash and short-term deposits.....	203,363	55,246
Accounts receivable.....	42,269	914
Prepaid expenses.....	—	714
	<u>245,632</u>	<u>56,874</u>
Investments		
Shares in Brunswick Mining and Smelting Corporation Limited — at cost (note 3) 1,766,353 shares — quoted value \$9,714,000 (1975 — \$6,712,000).	<u>5,154,530</u>	<u>5,154,530</u>
Fixed Assets (note 2)		
Land, mining grants and mining licenses — at nominal value.....	4	2
Buildings, equipment and surface structures at cost less accumulated depreciation.....	<u>1,702,475</u>	<u>1,730,510</u>
	<u>1,702,479</u>	<u>1,730,512</u>
Deferred Expenditures		
Materials and supplies — at estimated realizable value.....	<u>103,251</u>	<u>141,520</u>
	<u>7,205,892</u>	<u>7,083,436</u>

Signed on behalf of the Board:

L. McC. RITCHIE, Director

D. A. MACFARLANE, Director

mited and Subsidiary Companies

Liability)

AS AT DECEMBER 31, 1976

LIABILITIES

1976	1975
\$	\$

Current Liabilities

Accounts payable and accrued liabilities.....	86,002	57,596
Current portion of long-term debt.....	<u>116,012</u>	<u>2,000,000</u>
	202,014	2,057,596

Long-Term Debt(note 3)

U.S. \$2,300,000 promissory note — secured.....	2,320,240	—
11 1/2% convertible debentures due June 30, 1976 — secured.....	—	2,000,000
Less: Current portion.....	<u>116,012</u>	<u>2,000,000</u>
	2,204,228	—

SHAREHOLDERS' EQUITY

Capital Stock (note 3)

Authorized —

7,000,000 shares of \$1 par value

Issued and fully paid —

5,371,280 shares.....	5,371,280	5,371,280
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Contributed Surplus.....	8,766,794	8,766,794
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Deficit.....	(9,338,424)	(9,112,234)
	4,799,650	5,025,840
	7,205,892	7,083,436

First Maritime Mining Corporation Limited and Subsidiary Companies

(No Personal Liability)

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

For the year ended December 31, 1976

	1976 \$	1975 \$
Income		
Dividends.....	176,635	176,635
Interest.....	<u>5,446</u>	<u>6,262</u>
	<u>182,081</u>	<u>182,897</u>
Expenses		
Mine costs.....	39,007	38,772
Wharf.....	—	29,750
Administration costs.....	39,727	19,429
Interest on debentures.....	216,351	230,000
Exploration.....	15,127	49,467
Provision for loss on foreign exchange.....	<u>98,059</u>	<u>—</u>
	<u>408,271</u>	<u>367,418</u>
Loss for the year.....	226,190	184,521
Deficit—Beginning of year.....	<u>9,112,234</u>	<u>8,927,713</u>
Deficit—End of year.....	<u>9,338,424</u>	<u>9,112,234</u>
Loss per share.....	<u>.04</u>	<u>.03</u>

First Maritime Mining Corporation Limited and Subsidiary Companies

(No Personal Liability)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 1976

	1976	1975
	\$	\$
Source of Working Capital		
Increase in long-term debt.....	2,204,228	—
Sale of fixed assets.....	28,034	7,708
Decrease in other assets.....	38,268	18,585
	<u>2,270,530</u>	<u>26,293</u>
Use of Working Capital		
In operations.....	226,190	177,138
Change in Working Capital Position.	<u>2,044,340</u>	<u>(150,845)</u>
Working Capital (Deficiency) — Beginning of year.	<u>(2,000,722)</u>	<u>(1,849,877)</u>
Working Capital (Deficiency) — End of year.	<u>43,618</u>	<u>(2,000,722)</u>

First Maritime Mining Corporation Limited and Subsidiary Companies

(No Personal Liability)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 1976

1. Basis of Consolidation

The consolidated financial statements include the accounts of Gullbridge Mines Limited and Little Bay Power Corporation Limited.

Little Bay Power Corporation Limited did not operate during the year.

2. Fixed Assets

Gullbridge Mines Limited closed its mine on December 5, 1971. At this time it is not practical to estimate the realizable value of fixed assets of Gullbridge having a book value of \$1,702,475, as follows:

	1976	1975
	\$	\$
Buildings, equipment and other surface installations — at cost.....	5,073,920	5,101,955
Accumulated depreciation.....	<u>3,371,445</u>	<u>3,371,445</u>
	<u>1,702,475</u>	<u>1,730,510</u>

No annual provision for depreciation has been made since 1971.

In 1972 Gullbridge Mines Limited wrote off fixed assets with a cost of \$1,145,969 and a net book value of \$435,287. These represent dams and surface equipment at the site of the closed mine.

3. Long-Term Debt and Capital Stock

- (a) The long-term debt is payable in United States funds and has been translated at the exchange rate prevailing at December 31, 1976.

Interest is calculated on a six month basis at 2% over the then 6 month London Inter-Bank Offer Rate. For the six months ending April 1, 1977, the rate is 8%.

The note is repayable as follows, excluding interest:

	United States	Canadian \$ translated at rates of exchange prevailing at the balance sheet date
	\$	
October 1, 1977	115,000	116,012
October 1, 1978	115,000	116,012
October 1, 1979	115,000	116,012
October 1, 1980	115,000	116,012
October 1, 1981	<u>1,840,000</u>	<u>1,856,192</u>
	<u>2,300,000</u>	<u>2,320,240</u>

The long-term debt is secured by 1,000,000 shares of Brunswick Mining and Smelting Corporation Limited.

- (b) Outstanding agreement —

Falconbridge Nickel Mines Limited, under existing agreements, has the right to participate to the extent of one-third in any future financing which might be arranged by the company.

4. Remuneration of Directors and Senior Officers

Total direct remuneration paid or payable to directors and senior officers for 1976 amounted to nil.

5. Anti-Inflation Act

As the company's shares are listed on the Toronto Stock Exchange, it is subject to part 3 of the Anti-Inflation Act Regulations respecting dividends.

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**FIRST MARITIME MINING
CORPORATION LIMITED**

(No Personal Liability)

**INTERIM REPORT
TO SHAREHOLDERS**

Six months ended June 30, 1976



FIRST MARITIME MINING CORPORATION LIMITED

(No Personal Liability)

P. O. Box 937, Saint John, N.B. E2L 4E3

INTERIM REPORT TO SHAREHOLDERS

Six Months Ended June 30, 1976

	1976	1975
CONSOLIDATED STATEMENT OF EARNINGS (Subject to audit)		
Investment income	<u>\$ 89,568</u>	<u>\$ 92,518</u>
Expenses:		
Operating costs	9,303	9,336
Mine maintenance	12,768	15,563
Interest	114,768	115,203
Wharf payment		29,750
Exploration	14,157	9,592
	<u>150,996</u>	<u>179,444</u>
Net loss for the period	<u>\$ 61,428</u>	<u>\$ 86,926</u>
Net loss per share	<u>1.14c</u>	<u>1.62c</u>
CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS (Subject to audit)		
Source of funds:		
Sale of supplies	\$ 4,068	\$ 981
Sale of equipment	20,590	—
	<u>24,658</u>	<u>981</u>
Use of funds:		
For operations	61,428	86,926
Increase (decrease) in working capital	<u>(36,770)</u>	<u>(85,945)</u>
Working capital (deficiency) at beginning of year (excluding the Company's outstanding convertible debentures)	(722)	150,123
Working capital (deficiency) at end of period (excluding the Company's outstanding convertible debentures)	<u>\$ (37,492)</u>	<u>\$ 64,178</u>
MARKETABLE SECURITIES EXCLUDED FROM WORKING CAPITAL		
1,766,353 shs. Brunswick Mining and Smelting Corp. Ltd. - at cost	<u>\$ 5,154,530</u>	<u>\$ 5,154,530</u>
Quoted market value at June 30	<u>\$ 9,273,000</u>	<u>\$ 7,065,000</u>

During the second quarter, a dividend of \$88,318 (5c per share) was received by First Maritime from its investment in Brunswick Mining and Smelting Corporation Limited.

This was the same amount as was received in the first half of 1975.

There have been no significant changes in the asset position of the Corporation in the first half of 1976.

Saint John, N.B.
July 27, 1976

L. McC. Ritchie,
President